

BREAKING THE GLASS CEILING – FEMALE ENTREPRENEURSHIP

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„Entrepreneurship allows women to become economically independent, the essential premise for a change in mentality, attitude and behaviours.”⁷²¹

Specialists claim that the only certitude of the XXIst century is change, as these decades have been marked by the fastest and most spectacular changes in the history of human kind. Dfficult to forecast, the transformations that took place can be found in all areas: technical, economic, social, IT, educational, cultural and political. One of the most important, but insufficiently captured and considered changes is represented by the situation of the SMEs in the front line of the development: their transformation into the most dynamic factor and, in this context, the more and more active presence of women in management positions in SMEs.

In Romania, The National Agency for SMEs has implemented for the first time a promotion program for entrepreneurship among women managers of the SMEs sector. The program enjoyed a great success and resulted in a big impact in the business community. The program stimulates⁷²² the growth of women entrepreneur within the business community, the development of the skill and entrepreneur spirit among women and efficient use of the human capital formed by potential women entrepreneur, improving the economical performances of existing enterprises, led by women through the growth of the training of their employees. Other aims are equal access to the knowledge based economy, experience sharing among business women, establishing partnerships and encouraging the will to represent personal interests in the civil society.

Keywords: SMEs, entrepreneurship, women entrepreneur, human capital, knowledge based economy

Current context

Numerous studies developed by researchers and experts in the field of entrepreneurship have shown that starting a new organization is a key element in the process of economic development and rebound. Nowadays, we are all aware that in any modern economy, SMEs are the “heart of the economy” as they represent 99% of all EU enterprises and have provided over the past years over 80% of the new jobs in the EU.⁷²³

Recent statistics from the developed countries complete this picture: most of the GDP comes from the SMEs, most of the employed work force is located in SMEs as they are, within the

⁷²¹ Vinnicombe, S., Colwill, N.L., *Femeile în management*, Ed. Teora, București, 1998.

⁷²² Rotaru, C.I., *Prezentarea de bune practici privind promovarea antreprenoriatului feminin*, conferința *Promovarea implicării femeilor în mediul de afaceri* – Craiova, 2009, găsit pe www.mimmc.ro, accesat aprilie 2010.

⁷²³ http://ec.europa.eu/enterprise/entrepreneurship/sba_en.htm, accesat aprilie 2010.

current economic context, the only ones who create jobs and represent a favourable environment for creativity and innovation. The adoption within the EU of the law concerning SMEs is an essential stage for implementing the Lisbon Strategy for growth and work places. This results in “public administrations that that respond better to the expectations, less late payment of bills, access to a greater support through financing, innovation and professional education, lower VAT for local services and a better access to public procurement contracts. Moreover, this package will offer SMEs access to a Statute of the private European companies in order to decrease bureaucracy and increase transparency.”⁷²⁴

Philippe Maystadt, president of the European Investment Bank (EIB) has pointed out in a discussion that “*small and medium-sized enterprises wellbeing and growth will be key to Europe's future competitiveness. The market alone is unable to provide sufficient and appropriately priced finance for SMEs, in particular for high growth, innovative businesses. The EIB Group will therefore seek to address gaps in the market by broadening the scope of its financing.*”⁷²⁵

The level of entrepreneurship activities varies from one country to the other, as well as within one country, from one region to the other or from one social group to the other. Generally, regardless of country, the studies from the past years concerning the level of entrepreneurship activity show that, although the importance of female entrepreneurship shows an upward tendency in any economy, the rate of starting new companies is higher in the case of men.

Charles Handy, a management guru, states in his paper, *The Empty Raincoat* that “Organizations want quality people, well educated, trained and adaptable for management positions. They also want people who can tackle more tasks at once, people who want to act and who are not preoccupied with the title or position they have, but are more interested in the phenomenon of power and influence, rather than the social statute. They want people who will make the best of instinct and intuition as well as analysis and rationality, who can be tough, but sensitive, firm but friendly, people who can reunite all these necessary contradictions. Consequently, they want as many women as possible.”⁷²⁶

Nevertheless, female entrepreneurship still represents “an unused source of economic growth. Therefore idea that in order to fully benefit from the entrepreneurship potential of a country or region, the emphasis of female entrepreneurship is necessary.”⁷²⁷

The approach of the female entrepreneurship issue is not new, but it is more popular nowadays. The wish to expand female participation in the management activity is based on three major arguments, presented by Susan Vinnicombe and Nina L. Colwill in the paper “Essence of women in management”, as follows:⁷²⁸

- the natural style of women in work is more easily adaptable to job and structure shifts within companies than that of men;
- women can offer companies a competitive edge on the global market, helping them to better reflect in the management teams the gender composition of the markets where they are active;
- qualified women represent a vital resource. As the demographic results show, in the near future as well as in the far future, women involvement in management positions can be an imperative request

Nowadays, statistics show that women get involved in businesses at in an overwhelming degree as compared to the past years. Changing the rules of the game, women entrepreneurs create their

⁷²⁴ Maystadt, P., *Raportul de consultare al Băncii Europene de Investiții* găsit pe www.eib.org/attachments/strategies/sms – consultation – 2007 – 2008 – en.

⁷²⁵ idem.

⁷²⁶ Handy, C., *The empty raincoat*, găsit în Apostol, D., *Femeile antreprenor schimbă regulile în afaceri*, articol apărut în Wall-Street – Business in timp real, 2007 găsit pe <http://www.wall-street.ro/articol/Careers/32279/Femeile-antreprenor-schimba-regulile-in-afaceri.html>, accesat aprilie 2010.

⁷²⁷ idem.

⁷²⁸ Vinnicombe, S., Colwill, N.L., *Femeile în management*, Ed. Teora, București, 1998.

own style of leading, totally different from that of men. This new style of management has nothing from the predefined notions of tough competitiveness, aggressiveness and leadership, claims Margaret Heffeman, writer and entrepreneur.⁷²⁹ In her opinion, organization, empathy and relational management represent advantages in the management of a company; the reasons that underlie the involvement of women in business are also very different than those of men. More than half of women entrepreneurs rely more on intuition when it comes to market analysis, which allows women to see opportunities that men generally fail to notice. Moreover, the feminine nature offers them a better mix of analysis and creativity – essential point for start-up companies.”⁷³⁰

We will present below some statistic data for the year 2009, data that will complete the female entrepreneurship picture in Romania.⁷³¹ The data shows that:

- a. Women represent:
 - 51.2% of the total population of the country
 - 45.6% of the active population
 - 53.0% of the employed population (64.7% men)
 - 5.2% are unemployed (8.2% in the case of men)
- b. The female employed population divided on economic activities
 - Industry – 35.0% (35.9% men)
 - Construction – 1.9% (14.1% men)
 - Commercial services – 32.6% (31.3% men)
 - Social services – 30.5% (18.7% men)
 - Specialists in intellectual and scientific areas: 52.08% women
 - Doctors in sciences – 38% women
 - Female physicists – 67% (40.9% in the EU)
- c. Employed population according to professional position
 - Owner of businesses 37.000 women, respectively 24.8%
 - Freelancers 512.000 women (28.9%)
 - Employees 2.843.000 women (46.1%)
- d. Statistics for female entrepreneurship
 - 31% of Romanian companies have a woman as an associate
- e. Characteristics of companies that emerged
 - Women*
 - Age of company 5.07 years
 - Sole owner 47.06%
 - Owner-manager 78.90%
 - Initial size 2.9 employees
 - Growth of business 39.2% new jobs

All these explain the major interest among specialists not only concerning female entrepreneurship and its role in the knowledge based company, **the prototype of the knowledge based company being the SME**, but also its main characteristics: fundamental competitive edge based on increased knowledge, creativity, flexibility and dynamism, high ability to learn and use new knowledge and generate added value.

⁷²⁹ Heffeman, M., găsit în Apostol, D., *Femeile antreprenor schimbă regulile de afaceri*, articol apărut în Wall-Street – Business in timp real, 2007 găsit pe <http://www.wall-street.ro/articol/Careers/32279/Femeile-antreprenor-schimba-regulile-in-afaceri.html>, accesat aprilie 2010.

⁷³⁰ Apostol, D., *Femeile antreprenor schimbă regulile de afaceri*, articol apărut în Wall-Street – Business in timp real, 2007 găsit pe <http://www.wall-street.ro/articol/Careers/32279/Femeile-antreprenor-schimba-regulile-in-afaceri.html>, accesat aprilie 2010.

⁷³¹ Vezi mai mult în *raportul „Femeile și antreprenoriatul”* care poate fi accesat pe: http://www.gemconsortium.org/about.aspx?page=special_topic_women.

The involvement of women in this type of business is a fact undisputed nowadays. More and more women become entrepreneurs and choose to be in charge of their own lives and careers, setting up successful businesses. Which are the most common qualities that all women entrepreneurs possess? In the opinion of Oana Maria Banu they are:

Ambition

A successful woman entrepreneur is extremely ambitious, has a special talent in transforming an idea into reality. The ambition to win helps her have a flourishing business.

Confidence

Confidence that she has all the requirements in order to succeed is another quality of a business woman. She is prepared to learn from the others, to ask for advice from experts and add value to her purposes. The woman entrepreneur has to be optimistic and take risks. The ability to explore new territories is also connected to self-confidence. Moreover, self motivation is an essential factor in keeping the business in high standards.

Openness towards change and will to learn

The woman entrepreneur is conscious of the importance of evolution and adoption of change. Always ahead of competitors, she is open towards what is new and willing to learn. She is curious, interested and can cope with innovations fast.

Realism regarding costs

A business is, first and foremost, money. In order to be successful, a woman who is in charge of a business prepares realistic budgets and her estimates are confirmed by the reality. Minimizing costs without sparing quality regarding services/products is one of the basic characteristics that leads to profit.

Taking advantage of team work and honesty

A business woman has the ability to work with all kinds of people, regardless of their education. She can maintain relations and communicate clearly and efficiently. This helps her negotiate even in the most sensitive aspects.

Maintaining the balance between work and personal life

Concerned not to become a workaholic, the business woman is skilled in maintaining the balance between various aspects of life. Her ability to deal with a lot of problems and also to support the loved ones helps her assume responsibilities in which the business as well as the family is concerned.

Specialists believe that women have nowadays more initiative to go into entrepreneurship and are more open to developing new businesses. Concerning the reason that women get into business, specialists also agree that they are very different from those of men. Women look for a place where they can capitalize on their qualities. For this, most of the women are willing to assume a greater risk in their career than men, claim experts in entrepreneurship.

Moreover, another reason for which women start their own businesses is, in the specialists opinion, that most of them are mothers and they want to be able to work less in order to take better care of the family. "While most of these women operate an *unusual* environment, from the point of view of income, purchases and marketing, it still is like other businesses. Just like in the case of other start-ups, the initial investment is crucial. Most of these have proved to be successful and sometimes have had better outcomes than those owned by men"⁷³², shows a study ordered by the American investment company Venture Worthy.

The study also shows that the skills of the woman entrepreneur, such as intuition, empathy, leading instead of commanding and multitasking without getting lost in details are the true values that lead their business.

⁷³² Studiu realizat de compania Venture Worthy găsit pe <http://www.ventureworthy.com/>, accesat aprilie 2010.

The Global Entrepreneurship Monitor (GEM) concludes in its study that women entrepreneurs represent an important contributor to economic growth, especially in the countries with low or average incomes. The aforementioned study shows that:⁷³³

- In higher income countries, there is no gender difference regarding the rate of survival of businesses led by women as compared to those led by men.
- Women who are employed and have persuaded a social network of entrepreneurs are more likely to become entrepreneurs. The social and economic benefits of women who work represent a driving force for female entrepreneurship to a higher degree than family income or a high education.
- Women tend to be less optimistic and less self-confident than men when it comes to starting a business. However, once they are involved in the entrepreneurship activity, the self-confidence of women increases and they start to know the other entrepreneurs and exploit valuable opportunities, such as men do. Taking into account the differences between the various cultures worldwide regarding the financial independence of women, the lack of trust is not a surprising fact. The good news is that once they are involved in the entrepreneurship activity, they start to gain more self-confidence. Entrepreneurship does not have only financial implications for women, but also social ones.
- The fear of failing is higher in the case of women than it is in the case of men in all groups of countries. Women from low and average income countries in Asia and Europe presented a high rate of fear of failing (40.3%) as compared to women from Latin America and the Caribbeans (34.2%) and women from higher income countries (27.1%).

In which the profile of the business woman in Romania is concerned – here is how the business woman in our country looks like, according to the result of the study Eurochambres-Women in business and in decisions-making⁷³⁴:

- The person is very ambitious
- Married with children (81.8% married, 77.8% with children)
- Higher education, well trained
- Devoted to her own business, sometimes even neglecting the family
- Work over 60 hours a week, deals well with effort
- Very perseverant, managing to surpass obstacles
- Independent (the main motivation for starting a business)
- Will to outdo herself (the lack of time is a barrier)
- Uninterested in participating in decision-making

We would like to take a look in what follows at the main problems that in general Romanian entrepreneurs are confronted with and female entrepreneurs in particular. Therefore, in the opinion of specialists⁷³⁵, the problems that the majority of entrepreneurs are confronted with are: the instability of the fiscal system – the lack of a simple, clear and stable financial legislation; a financial context less favourable for the development of SMEs: high cost of credits associated with the instability of the fiscal system which generate the fear of investors of becoming incapable of repaying the debt; the difficulty in accessing credits in the case of a new firm; administrative bureaucracy, lack of a correct measurement program that would insure the survival of SMEs in the new competitive context created by Romania joining the EU; difficult access to entrepreneurial training due to high costs and lack of time of business women.

In which the gender barriers are concerned⁷³⁶ – the specific obstacles that get in the way of female entrepreneurship are the following: type of education, lack of entrepreneurial role models, entrepreneurship based on gender, weak social statute, professional stereotype (12% lower than

⁷³³ Global Entrepreneurship Monitor găsit pe <http://www.gemconsortium.org/>, accesat aprilie 2010.

⁷³⁴ Natioanal Agemncy for SMEs study 2006, accesat aprilie 2010.

⁷³⁵ idem.

⁷³⁶ Programul național multianual pe perioada 2001 – 2012 pentru dezvoltarea culturii antreprenoriale în rândul femeilor manager din sectorul IMM-urilor găsit pe <http://www.aippimm.ro/articol/comunicate>.

the average salary); social stereotypes, lack of policies, programmes for setting up and developing female-led businesses; lack of studies concerning the accession impact that would include the threats and opportunities of the SMEs led by women; difficulty for business women to enter certain economic areas that are considered exclusively masculine; lack of accessible quality facilities for taking care of the child, sometimes combined with lack of family support; difficulties in accomplishing a balance between the personal and professional life and, most importantly, credit difficulties – difficulties in accessing unrefundable funds, which are due to the lack of education of the entrepreneurs and to Ministry clerks who do not have an “interest – performance coefficient” in making the funds available for businesspersons.

The state supports female entrepreneurship first and foremost through the “National multiannual program for 2005-2012 for developing the entrepreneurial culture among women managers in the SMEs sector”⁷³⁷, program which is aimed at facilitating the mobility of women in the labour market and developing their entrepreneurial skills in order to involve them in private financial structures in the context of the problems connected to maintaining a balance between personal and professional obligations and prejudices that exist at a local level.

The main objective of this program is “Supporting the women entrepreneurs to promote their activity in the Romanian business environment.” The objective is the promotion of an educational system that facilitates women’s mobility in the labour market and develops their entrepreneurial skills. Since there has been no financial support until 2005 in Romania to promote women in the business world, the National Agency for SMEs has initiated this program starting from the necessity to prepare and develop the entrepreneurial culture of women involved in all types of activities, including those who come from a rural environment. Among the measures the program promotes are access to quality and business counselling. The latter helps women consolidate their trust in a positive view for the development and growth of their own businesses. In our country, in the SMEs sector, the required harmonized measures are aimed at:

- The promotion of culture and conditions for entrepreneurship among various categories of women, including those who are farther from the most common financial activity can be supported by innovations regarding the training, well planned innovations which are oriented towards a local level;
- Providing high quality financial support and business services which would create a bridge between private, public and semi-public agencies with the purpose of facilitating the access of women to these types of services is possible with the involvement of the municipality;
- Supporting the development of business incubators which encourage women by concluding business and university partnerships at a municipal level;
- Changing the procedures of public procurement by including social clauses can be successful in expanding the markets for family businesses.

The phenomenon of a developing female entrepreneur culture in our country is both interesting and important. “As small businesses develop, going through successive stages of organizing or legal statute, a slower process takes place, but one that is not less interesting – one of forming a collective mentality regarding business women. It is not only about the other’s attitude towards female business owners (area in which misogynistic qualifications start to give in), but also about an open recognition of the natural abilities of women to coordinate other’s work, their easily adaptable style to the environment conditions and their ability to work in a team and to develop networks, the negotiation and decision-making skills, etc.”⁷³⁸

What else is required for creating a strong female business segment in Romania?

⁷³⁷ *Programul național multianual pe perioada 2001 – 2012 pentru dezvoltarea culturii antreprenoriale în rândul femeilor manager din sectorul IMM-urilor* găsit pe <http://www.aippimm.ro/articol/comunicate>.

⁷³⁸ Vinnicombe, S., Colwill, N.L., *Femeile în management*, Ed. Teora, București, 1998.

This is one of the questions that women associations and NGOs try to answer. We believe that it is critical to create this segment due to the following reasons: “women become themselves more powerful through business, they become more financially independent and bring wellbeing to the family. Women are inventive and creative and these traits will always influence the businesses they develop.”⁷³⁹

A series of opportunities have been developed in social and home activities, activities which are perfectly suited for women. Moreover, specialists believe that an increasingly greater number of women who are involved in businesses will generate a business environment that is less corrupt while financial independence and performance in business of women will give them the visibility and credibility they need in order to develop successful careers.

If “many times, women manage to enter the management of large organizations just by copying the male style (in order not to be different from the male majority of management structures), in their own businesses, women can behave naturally, which makes them more credible; they can even emphasize upon those typically feminine abilities which are sensitivity, concern for the others, empathy – which are in high demand nowadays. The good news is that more and more, the true value of a business person is regarded in relation to the results and type of relations with the others and not regarding their gender.”⁷⁴⁰ We believe that it is normal that in the competition between men and women, the only selection criteria be the skills, team spirit and performance.

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⁷³⁹ Rotaru, C.I., *Prezentarea de bune practici privind promovarea antreprenoriatului feminin*, conferința *Promovarea implicării femeilor în mediul de afaceri* – Craiova, 2009, găsit pe www.mimmc.ro, accesat aprilie 2010.

⁷⁴⁰ idem.